

HB 5038

Tobacco Settlement Funds Account

HB 5038 is the 2019-21 allocation bill for revenue available under the Tobacco Master Settlement Agreement (or MSA). The MSA provides an on-going source of revenue to 46 states and U.S. territories as part of an agreement reached in 1998 with major tobacco companies. The measure allocates a total of \$132.4 million in available revenue for the following purposes:

- \$30.9 million to fund debt service on OHSU bonds;
- \$86.3 million to support the Oregon Health Plan;
- \$12.1 million for community mental health programs; and
- \$3.1 million for physical education grants funded in the Department of Education.

State law also requires the transfer of MSA revenue to the Department of Justice for enforcement activities, which has traditionally been done outside of the allocation bill. Although the Department does not need a new allocation in 2019-21 given the availability of carryover funds, the measure establishes a \$1 placeholder in case the Department needs supplemental resources during the biennium and to represent the intent to include MSA revenue transfers to the Department in future allocation bills.

The Capital Construction Subcommittee recommends HB 5038 be amended by the -1 amendment and be reported out do pass, as amended.